

# *The SAR Activity Review – By the Numbers*

Issue 12 (June 2009)

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<sup>2</sup> Includes suspicious activity reported by a certain segment of the insurance industry (those insurance companies offering covered products), since May 2, 2006. See footnote 4.

## Introduction

Welcome to the twelfth issue of *The SAR Activity Review – By the Numbers*, a compilation of numerical data gathered from Suspicious Activity Report (SAR) forms filed by depository institutions since April 1996, certain money services businesses since January 2002,<sup>3</sup> casinos and card clubs since August 1996, segments of the securities and futures industries since January 2003, and certain segments of the insurance industry since May 2006.<sup>4</sup> *By the Numbers* serves as a companion piece to the *SAR Activity Review - Trends, Tips & Issues*, which provides information about the preparation, use, and utility of SARs.

*By the Numbers* is published twice a year to cover two filing periods: January 1 to June 30, and July 1 to December 31. The numerical data from the filing periods is available for publication on FinCEN's website after the end of each period. FinCEN published the last issue of *By the Numbers* in November 2008, which covered SARs filed through June 30, 2008, and may be accessed through the following link: ["http://www.fincen.gov/news\\_room/rp/files/sar\\_by\\_num\\_11.pdf"](http://www.fincen.gov/news_room/rp/files/sar_by_num_11.pdf) .

In Issue 8 (June 2007), FinCEN introduced a new reporting format for on-line readers by enhancing the data provided in Exhibit 2 for depository institution SARs. This feature allows readers to link from a state to various visual representations of the numerical data, including graphs, charts and maps providing filing "hot spots." In Issue 10 (May 2008), we updated the visual representations to Section 1, Exhibit 2 (for depository institution SARs filed through December 31, 2007) and added this enhancement to Section 3, Exhibit 2 for casinos and card clubs SARs. For this current edition, we updated the visual representations for filings through December 31, 2008 to Section 1, Exhibit 2 (for depository institution SARs), Section 3, Exhibit 2 (for casinos and card clubs SARs) and added this same enhancement to Section 4, Exhibit 2 for securities & futures industries SARs. Note that this feature is produced only for even numbered issues of *By the Numbers*, which contain a full year of data. Look for the next update for this reporting format in Issue 14.

A review of the numerical data generated for Issue 12 reveals some interesting facts. As a result of a decrease in money services business SARs (in particular, a 27% decrease in MSB filings relating to money orders), filings by non-depository institutions, as a whole, saw a slight decline in 2008. From

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<sup>3</sup> Although the mandatory suspicious activity reporting requirement for certain money services businesses became effective on January 1, 2002, the Suspicious Activity Report by Money Services Business (SAR-MSB) form was not available for industry use until October 1, 2002. (Money services business filers reported suspicious activity on Form TD F 90-22.47, between January 1, 2002 and September 31, 2002. The filing data for that nine month period is included in Section 1 of this report. Some filers continued using TD F 90-22.47 after the SAR-MSB form became effective on October 1, 2002. That filing data also is found in Section 1.)

<sup>4</sup> A dedicated SAR form for insurance companies has not yet been released. Therefore, FinCEN has instructed insurance companies to use FinCEN Form 101, Suspicious Activity Report by the Securities and Futures Industries. As a result, filing data for certain segments of the insurance industry are included in Section 4.

January 1, 2008 to December 31, 2008, non-depository institution SARs comprised roughly 43% of all reports filed, compared to 48% in 2007. In 2008, the total volume of all SARs within the Bank Secrecy Act database revealed a slight increase of 3%, compared to the 16% increase the prior year.

Like the previous year, 2008 saw a continued trend upward for SARs reporting Mortgage Loan Fraud and Identity Theft. In 2007, these two summary characterizations were ranked 5<sup>th</sup> and 8<sup>th</sup> by depository institutions, respectively, and 3<sup>rd</sup> and 7<sup>th</sup> by the end of 2008. Mortgage Loan Fraud has seen significant year-to-year increases since 2003.

Although the remainder of this publication provides detailed numerical data on those filings, general observations follow for each type of form.

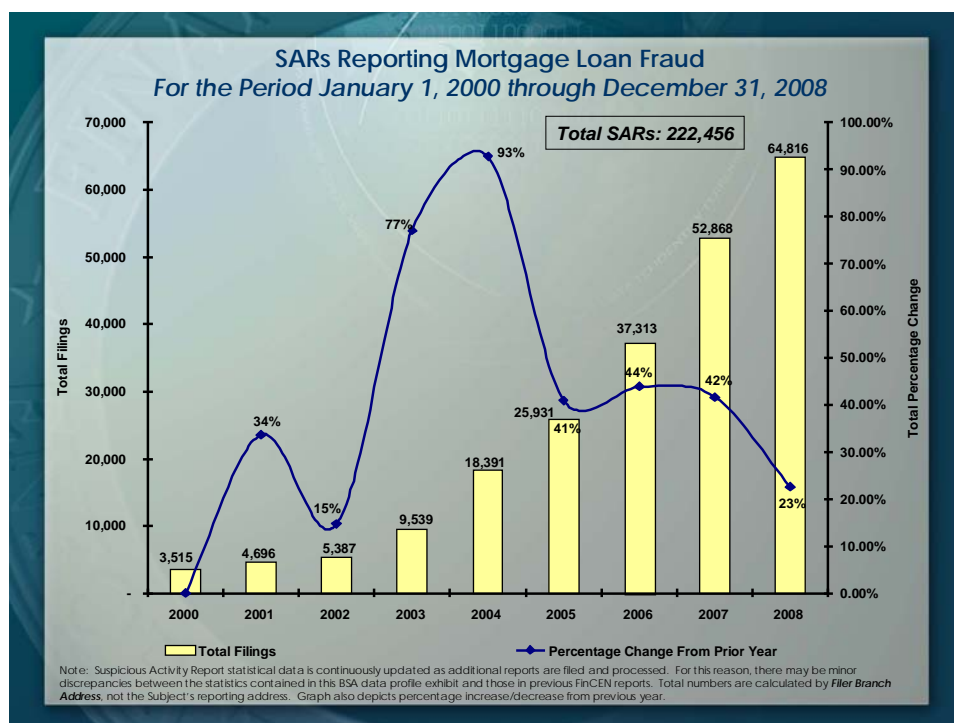
Number of Suspicious Activity Report Filings by Year													
Form	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Depository Institution	62,388 <sup>5</sup>	81,197	96,521	120,505	162,720	203,538	273,823	288,343	381,671	522,655	567,080	649,176	732,563
Money Services Business	-	-	-	-	-	-	5,723	209,512	296,284	383,567	496,400	578,439	531,761
Casinos and Card Clubs	85	45	557	436	464	1,377	1,827	5,095	5,754	6,072	7,285	9,943	11,162
Securities & Futures Industries	-	-	-	-	-	-	-	4,267	5,705	6,936	8,129	12,881	15,104
<b>Subtotal</b>	62,473	81,242	97,078	120,941	163,184	204,915	281,373	507,217	689,414	919,230	1,078,894	1,250,439	1,290,590
<b>Total</b>	<b>6,746,990</b>												

### Depository Institution Suspicious Activity Report / TD F 90-22.47 (from the mandated reporting date in April 1996 through December 31, 2008)

The number of depository institution filings depicting Mortgage Loan Fraud<sup>6</sup> as a suspicious activity continues to rise significantly, going from 52,868 SARs in 2007 to 64,816 in 2008. Mortgage Loan Fraud presently ranks 3<sup>rd</sup>, compared to 5<sup>th</sup> in 2007, among the 21 summary characterizations of suspicious activity.

<sup>5</sup> The 1996 filings include Criminal Referral Forms filed in that year that were subsequently converted to SARs by the Internal Revenue Service Enterprise Computing Center-Detroit.

<sup>6</sup> For additional information gleaned from SARs involving mortgage loan fraud, see FinCEN's two released analytic products at [www.FinCEN.gov](http://www.FinCEN.gov).

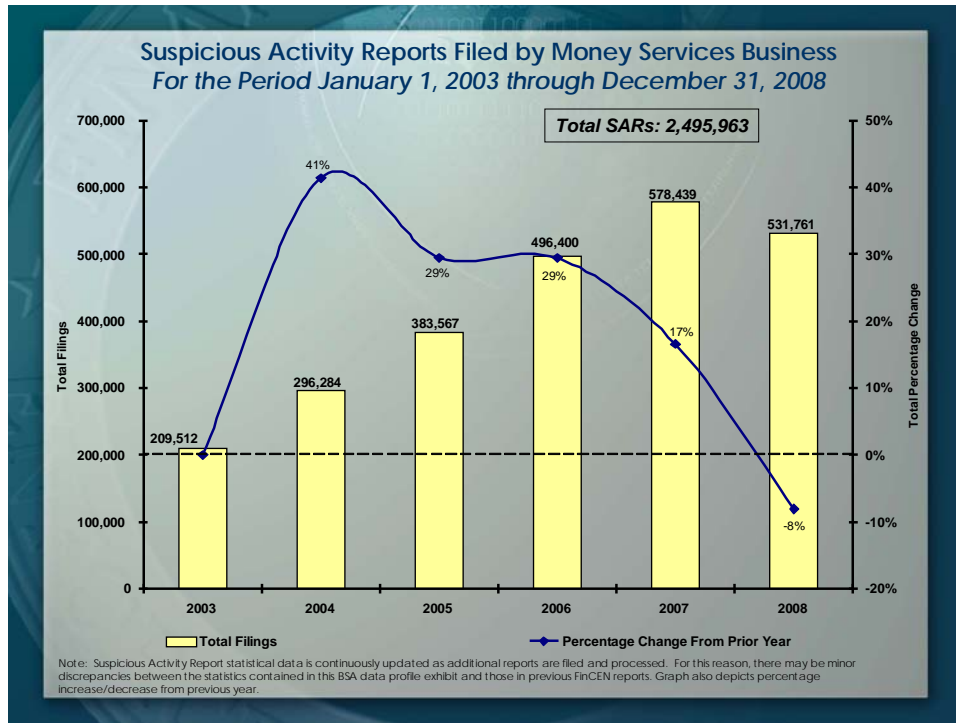


Almost half of the increase in filings from 2007 to 2008 can be attributed to increased reporting related to fraud (check fraud, mortgage loan fraud, consumer loan fraud, wire transfer fraud, commercial loan fraud, credit card fraud and debit card fraud).

- Reported instances of Terrorist Financing decreased 26% in 2008, continuing a downward trend experienced since 2004.
- Since April 1996, 53,590 SARs have been filed identifying Wire Transfer Fraud as the summary characterization of suspicious activity. Of these reports, nearly half (45%) were filed in the last two years. Reported instances continue to rise, increasing 69% in 2007 and 58% in 2008.
- Since January 2006, 56,555 SARs have been filed indicating Consumer Loan Fraud as the summary characterization of suspicious activity. This three-year period accounts for 59% of all such reports filed since April 1996. Additionally, since 2007, Consumer Loan Fraud filings have increased 34%.
- BSA/Structuring/Money Laundering continues to be the most prevalent type of suspicious activity reported by depository institutions, accounting for 44% of activity reported in 2008 and slightly less than 47% for all years.
- Since April 1996, 489,509 depository institution SARs have been filed identifying Check Fraud as the characterization of suspicious activity. Of these reports, a third were filed in 2007 and 2008. Reported instances of Check Fraud (in whole or in part) continue to rise, increasing 17% in the last year.
- Reports of Check Kiting increased 25% in the last twelve months, with years 2007 and 2008 accounting for 41% of all noted instances since 1996.

- Data for 2008 indicates that filers identifying National Credit Union Administration (NCUA) as their Primary Federal Regulator continue to rise, increasing 9% from those filed during 2007. Since April 1996, 227,865 depository institution SARs have been filed identifying the NCUA as the primary federal regulator. Of these reports, almost half (48%) were filed in the last two years.
- The number of SARs where the filer identified the Office of Thrift Supervision as the Primary Federal Regulator has increased every year since 1996. Of these reports, 40% were filed in 2007 and 2008.
- Suspicious Activity Reports identifying the Federal Reserve as the filing entity's Primary Federal Regulator have seen increases every year since 1997, though data for 2008 indicate a decrease of 21% from those filed the prior year.

**Suspicious Activity Report by Money Services Business / FinCEN Form 109 (from October 1, 2002<sup>7</sup> through December 31, 2008)<sup>8</sup>**



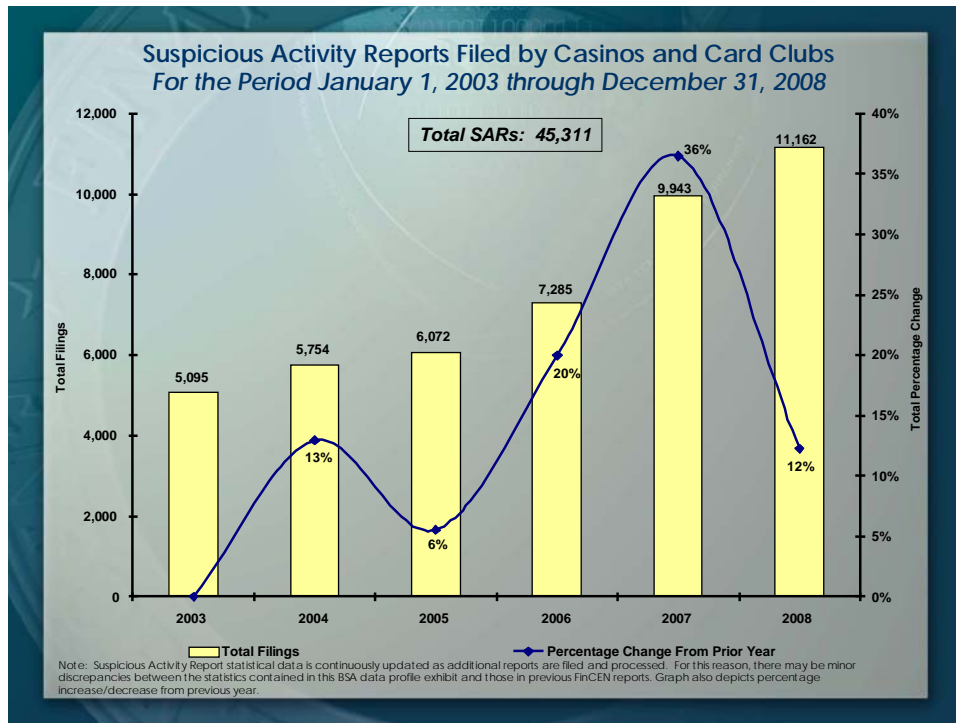
- The number of SARs filed by money services businesses in 2008 decreased 8% as compared to the previous year.

<sup>7</sup> See footnote 2.

<sup>8</sup> FinCEN Form 109 (formerly TD F 90-22.56), which replaced the original SAR-MSB form, became effective on March 31, 2007. Form 109 eliminated field 2 "Type of Filer," which explains the significant increase in reports where the type of filer was unspecified (left blank). Therefore, Section 2, Exhibit 6 (SAR-MSB Filings by Type of Filer) has been eliminated as an exhibit.

- In 2008, filers continued to report money transfers as the most frequent type of financial service related to the suspicious activity. Reports involving money transfers accounted for 60% of the filings for the year, followed by money order which comprised an additional 32%. Both categories have consistently been the leading reported services since October 2002.
- Despite accounting for 32% of MSB filings, 2008 was also the first year where reported instances of Money Order, as the financial services involved, decreased from the previous year – falling 27%.
- As a whole, reports of suspicious activity decreased 11%. With the exception of “Same individual(s) using multiple locations over a short period of time,” which experienced an increase of little more than 1% in 2008, all of the historically-listed characterizations saw a decrease in filings in 2008.
- The number of instances where filers reported “Changes spelling or arrangement of name” decreased significantly (62%) from the previous twelve months.

**Suspicious Activity Report by Casinos and Card Clubs / FinCEN Form 102 and, previously, TD F 90-22.49 (from the mandated reporting date in October 1997 through December 31, 2008)<sup>9</sup>**



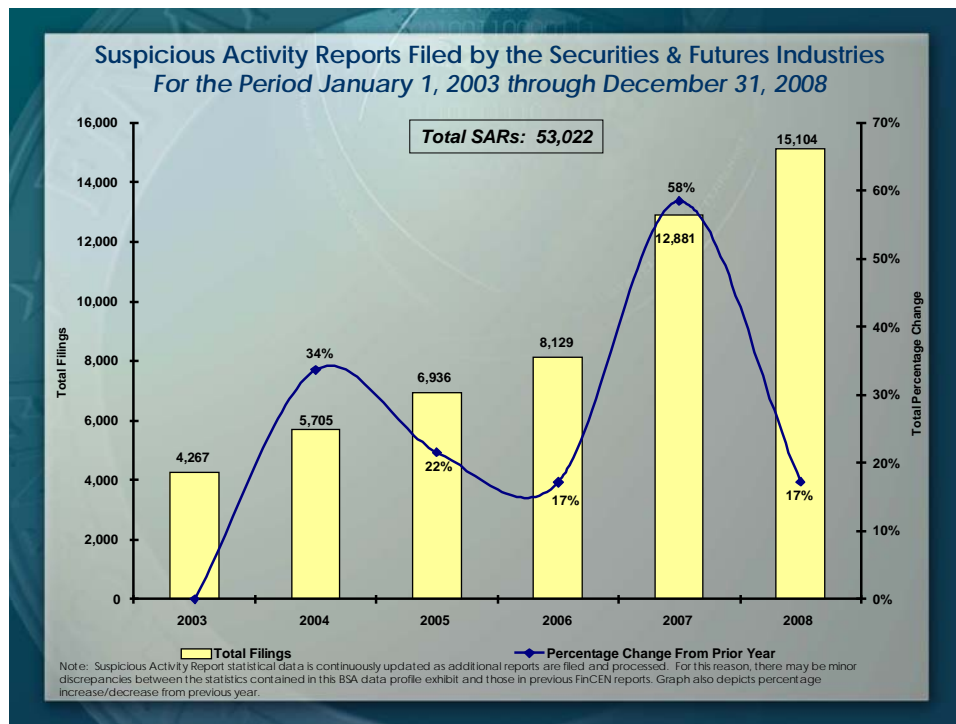
- State licensed casino filings increased 13% while Tribal licensed casino filings increased 4% in 2008.

<sup>9</sup> Also includes 85 forms filed by casinos and card clubs in August 1996 prior to the mandatory reporting requirement.

- Since October 1997, casinos and card clubs have filed 50,017 SARs. Of these, over 52% were filed by entities in New Jersey, Nevada, and Louisiana.
- Structuring continues to be the most reported type of suspicious activity, increasing 30% in 2008 over those filed during the twelve months prior.
- The number of casino SARs reporting “No Apparent Business or Lawful Purpose” rose 32% over those filed in 2007.

**Suspicious Activity Report by the Securities and Futures Industries / FinCEN Form 101** (from the mandated reporting date in January 2003 through December 31, 2008)<sup>10</sup>

Overall SAR volume has increased every year since the inception of suspicious activity reporting by the securities and futures industries. Filing rate differentials modestly declined after 2004 through 2006 and increased significantly in 2007, only to see a notable decrease the following year.



- SARs characterizing the suspicious activity type as “Significant Wire or Other Transactions without Economic Purpose” increased 28% for 2008, as compared to the previous year which saw a similar increase from the prior year’s-end.

<sup>10</sup> See footnote 3 regarding SARs filed by certain segments of the insurance industry with mandatory reporting requirements effective May 2, 2006.



- In 2008, SARs indicating Identity Theft as the suspicious activity type decreased 7%, compared to reports filed during 2007, which saw an increase of 83% from the preceding twelve months.
- While Identity Theft decreased, two suspicious activity types experienced notable increases in 2008: Credit/Debit Card Fraud (95%) and Mail Fraud (60%).
- In 2008, reports of Money Laundering/Structuring saw minimal change (1%) from the previous twelve month period as compared to reports filed in 2007 when this characterization saw an increase of approximately 75% from the prior year.
- Filings identifying the suspicious activity type as Securities Fraud increased 22% in 2008, compared to those filed in 2007.
- SARs indicating the filing instrument type as Mutual Fund decreased 16% in 2008.
- Several instrument types saw increases in 2008, most notably: Other Securities (71%), Bonds/Notes (163%) and Foreign Currency Futures, which went from 9 reported instances in 2007 to 200 in 2008.
- Many “Type of Reporting institution or individual” also saw significant increases in 2008: Futures Commission Merchant (123%), Subsidiary of Bank (89%) and Securities Floor Broker which went from 11 reported instances in 2007 to 219 in 2008.

The numerical data in this publication is presented in an Excel format to allow readers to download and manipulate the information to support maximum management and compliance needs for their institution or agency.

As always, we welcome your suggestions and comments. Questions regarding present, past, or future issues of *By the Numbers* may be directed to FinCEN’s Regulatory Policy and Programs Division, Office of Regulatory Analysis at (703) 905-3968 or by contacting [webmaster@fincen.gov](mailto:webmaster@fincen.gov).